

## Message Text

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PAGE 01 STATE 090291

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ORIGIN EB-07

INFO OCT-01 NEA-10 ISO-00 COME-00 LAB-04 SIL-01 AGR-05

CIAE-00 INR-07 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01

FRB-03 OMB-01 L-03 /049 R

DRAFTED BY EB/FTD:SFOUTS:HM

APPROVED BY EB/FTD:AJWILLIAMS

COMMERCE - ELIPSCOMB

LABOR - FJAMES

NEA/INS - RMORLEY

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P 142257Z APR 76

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI PRIORITY

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E.O. 11652:N/A

TAGS:ETRD, IN

SUBJECT: BILATERAL TEXTILE AGREEMENT.

1. USG OFFICIALS MET WITH INDIAN ECONOMIC MINISTER  
DIXIT ON APRIL 9 TO REVIEW RECENT GOI REQUEST FOR  
"ADDITIONAL AD HOC" QUOTA INCREASE FOR CURRENT YEAR OF  
BILATERAL TEXTILE AGREEMENT.

2. U.S. REPS REVIEWED STATUS OF CHARGES AGAINST  
AGREEMENT LEVELS AND ADJUSTMENTS WHICH HAVE BEEN MADE  
IN IMPLEMENTING THE JANUARY AMENDMENT TO THE AGREEMENT.  
CHARGES AGAINST THE GROUP I LIMIT OF 120 MILLION SQUARE  
YARDS TOTALED APPROXIMATELY 47 MILLION SQUARE YARDS  
AS OF APRIL 2, INCLUDING 5.9 MILLION SQUARE YARDS  
TRANSFERRED FROM GROUP II TO GROUP I AS A RESULT OF THE  
JANUARY AMENDMENT. APPROXIMATELY 18.4 MILLION SQUARE  
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PAGE 02 STATE 090291

YARDS FROM GROUP II HAVE BEEN TRANSFERRED TO THE HANDMADE

APPAREL QUOTA, LEAVING A BALANCE OF 11.8 MILLION CHARGED TO THE GROUP II LIMIT OF 20 MILLION AS OF MARCH 11. CHARGES AGAINST GROUP II AS OF APRIL 2 TOTALED 16.8 MILLION SQUARE YARDS, BUT THE CHARGES FOR THOSE GOODS ENTERED AFTER MARCH 11 HAVE NOT YET BEEN ADJUSTED TO REFLECT THE JANUARY AMENDMENT, SO THE FINAL FIGURE FOR THAT DATE WILL BE LOWER.

3. US REPS INDICATED TO DIXIT THAT WE FEEL GOI SHOULD REVIEW ITS U.S. TEXTILE TRADE POSITION IN LIGHT OF THESE ADJUSTMENTS, AND SHOULD CONSIDER UTILIZING ADJUSTMENTS AVAILABLE UNDER THE AGREEMENT BEFORE PROCEEDING FURTHER WITH REQUEST FOR QUOTA INCREASES. US REPS POINTED OUT THAT 1) GOI HAS 12 MILLION YARDS OF UNUTILIZED GROUP I QUOTA FROM PREVIOUS AGREEMENT YEAR AVAILABLE FOR CARRY OVER, WHICH, IF NOT UTILIZED, WOULD SIMPLY BE LOST; 2) THAT DECISION TO REQUEST CARRY FORWARD AGAINST NEXT AGREEMENT YEAR LEVELS MAY BE MORE COMPLICATED, BUT WE BELIEVE IT SHOULD ALSO BE CONSIDERED BY GOI.

4. USG REP ALSO POINTED OUT TO DIXIT THAT WE HAD BEEN VERY GENEROUS IN IMPLEMENTING JANUARY AMENDMENT BY CHARGING ALMOST 2/3 OF GROUP II APPAREL IMPORTS TO HANDLOOM CATEGORY, WHICH GOI HAD INDICATED WAS RELATIVELY UNCROWDED. WE ALSO NOTED THAT INDIA HAD RECEIVED A GENEROUS INCREASE IN OVERALL YARDAGE AVAILABILITY AS RESULT OF THE JANUARY AMENDMENT.

5. DIXIT ACKNOWLEDGED THAT THE JANUARY AMENDMENT RESULTED IN AN INCREASE IN YARDAGE FOR INDIA, BUT SAID THAT THE SPECIAL CONDITIONS IN THE U.S.-INDIAN TEXTILE TRADE THIS YEAR HAVE MADE IT NECESSARY TO ASK FOR MORE YARDAGE ON A ONE TIME BASIS. HE ADDED THAT THE GOI DID NOT INTEND TO USE A SPECIAL INCREASE AS A BASIS FOR ARGUING FOR HIGHER QUOTAS FOR THE NEXT AGREEMENT YEAR, BUT WOULD EXPECT TO CONSULT WITH THE U.S. AT THE END OF THIS AGREEMENT YEAR ON THE BASIS OF THE ORIGINAL AGREEMENT LEVELS.

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PAGE 03 STATE 090291

6. DIXIT SAID THAT HE WOULD INFORM HIS GOVERNMENT OF THE U.S. SUGGESTIONS. HE SAID THAT HE EXPECTED TO BE TALKING TO US AGAIN SHORTLY. KISSINGER

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